

[REDACTED]

## CONTRACT GROWER AGREEMENT

On this \_\_\_\_\_ day of \_\_\_\_\_, 1999, Murphy Farms Inc., a North Carolina corporation, doing business as Murphy Family Farms ("**Murphy**"), at 2124 - 90th Avenue, P.O. Box 70, Algona, Iowa 50511, and \_\_\_\_\_  
Iowa, a Contract Grower ("**Grower**"), mutually agree that **Murphy** is the owner of certain pigs which will be delivered to the **Grower by Murphy**. Ownership of these pigs shall at all times remain with **Murphy**. The parties do mutually contract and agree to the terms and conditions of this Contract Grower Agreement ("**Contract**") which are hereby set forth:

## RECITAL

1. **Murphy and Grower** are desirous of entering into an agreement which will enhance the quality of life for consumers, growers, employees and owners through the production of quality pork.
2. **Murphy** is desirous of contract feeding hogs to market weight in buildings generally known as a "M1100" building or substantially similar structure which would include a slat floor and a scraper or flush system.

## I. "MURPHY" OBLIGATIONS:

- A. Provide swine to **Grower**. In all cases, **Murphy** will determine the source and sex of the swine to be placed.
- B. Provide for transportation of swine to and from **Grower's** premises.
- C. Provide management guidelines to **Grower**.
- D. Provide feed and necessary medication to **Grower** and establish minimum standards for swine health care and preventative maintenance through manuals or otherwise from time to time.
- E. Perform all marketing functions.
- F. Assist in environmental planning for **Grower's** site and facilities including coordination with state and county agencies for complete farm planning.
- G. Provide Pork Quality Assurance (PQA) or other appropriate quality training on a timely basis for **Grower** and training for **Grower** to implement proper drug inventories and administrative documentation through manuals or otherwise from time to time.
- H. Provide payment to **Grower** based on the terms and formula specified in Section III.
- I. Provide \$525,000 of term life insurance for **Grower** during the term of this **Contract**.

## II. "GROWER" OBLIGATIONS:

- A. Furnish building(s) as approved by **Murphy**, and all equipment necessary for the care and maintenance of pigs to raise them to market size. Annually conduct all reasonable and necessary repairs and maintenance required to maintain a quality environment for the pigs. Provide for all necessary water, electricity, bedding, and the regular cleaning of animals and facilities. Maintain the general area of the facilities as required by **Murphy**.
- B. Practice humane husbandry, as decreed by **Murphy** in manuals or otherwise from time to time, in the care of all pigs under **Grower's** care and control. Provide the labor and supervisors necessary to care and maintain and to load and unload **Murphy** pigs at the **Grower's** premises.
- C. Agree that no other swine will be housed on the **Grower's** real estate or structures located on said real estate and agree to limit all physical exposure of supervisors and labor to non-**Murphy** pigs.
- D. Execute a Contract Grower Receipt (CGR) each time pigs are delivered to or removed from **Grower's** premises and submit the completed CGR to **Murphy**. **Grower** agrees that no pigs shall be removed from **Grower's** premises without the advance consent of **Murphy**.
- E. Execute and deliver any written report as required by **Murphy** for production information. All death loss shall be communicated as required by **Murphy**.
- F. Agree that **Murphy** personnel shall have the right to enter **Grower's** premises to inspect **Murphy** pigs at all times and **Murphy** shall have the right to enter and remove **Murphy** pigs at any time. The **Grower** agrees to grant to **Murphy** or successors in interest permanent access to the property herein described for a period of not less than the term of the **Contract**. **Grower** guarantees to **Murphy** all rights to ingress and egress to provide for proper access to the hog confinement facility on the property legally described below for a period of not less than the term of the **Contract**.
- G. Maintain and renew annual PQA certification or other appropriate quality standards and to administer any animal drugs according to PQA or other quality recommendations.
- H. Properly dispose of all animal nutrients as **Murphy** may specify from time to time on a regular and sufficient basis. Prevent all nuisances that may be created by such handling and disposal of animal nutrients. **Grower** further agrees to comply with all Federal, State, and local environmental laws in the disposal of such animal nutrients. **Grower** shall grant and convey to **Murphy** the right to dispose of all animal nutrients on real estate of not less than the minimum acres needed to meet state regulatory requirements for a nutrient management plan. **Grower** shall either own or lease sufficient acres during the term of this contract to meet such regulatory requirements.

For all such required acres, **Grower** shall implement and maintain an environmental file which would be consistent with sound environmental management and agronomy practices as **Murphy** may specify from time to time. Such file and practices shall be reviewed by **Murphy** including but not limited to soil testing.

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If the land used for nutrient disposal is no longer compatible with sound environmental management and agronomy practices, **Grower** shall be obligated to apply nutrients to other compatible land. **Grower** will conduct soil tests prior to application of nutrients. **Grower** acknowledges responsibility to perform certain environmental tests and preventative measures. If **Murphy** becomes aware that **Grower** is not in compliance with these environmental requirements, **Murphy** may perform these duties for **Grower** and deduct the cost of such services from **Grower's Contract** payments.

- I. Provide and maintain a private water source for the benefit of said hog confinement facility including all rights of access. In the event the private water source is not immediately adjacent to the facility the **Grower** shall guarantee such access and use for a period of not less than the term of the **Contract**. This guarantee shall include obtaining all necessary written agreements to provide for such access and easement for use of a private water source.
- J. Provide and maintain electrical power to said hog confinement facility including all rights of access and easement for use of said electrical power for a period of not less than the term of the **Contract**.
- K. Provide and maintain security to limit and reduce problems associated with theft, fire, disease and loss of pigs. This shall include but not be limited to locked entrance gates, locked buildings, security lights and such other requests made by **Murphy**.
- L. Dispose of all dead animals in compliance with any and all Federal, State and local laws and ordinances. **Grower** will dispose of dead animals through a rendering company. If rendering service is not available and **Grower** buries dead animals, soil tests may be required to ensure regulatory compliance.
- M. Maintain all service and access roads in a reasonable condition that will enable all service vehicles to operate upon said roadways and service entrances without causing damage to said vehicles or causing them to be stuck or non-operable because of adverse road conditions. In the event any of said vehicles should require the services of a wrecker as a result of the deteriorated condition of any road or service area, **Grower** agrees to pay any and all such wrecker bills.
- N. Furnish a certificate of insurance annually to **Murphy** evidencing coverage for general liability insurance, providing both premises operations and products-completed operations, with a minimum of \$1,000,000 combined single limits per occurrence for bodily injury and property damage. Such liability coverage must specifically insure the **Grower** while performing the duties of the **Contract** and specify **Murphy** as an additional insured on the insurance policy.

**Grower** shall maintain property insurance replacement cost coverage for each finishing building (minimum \$120,000 per building) and the facilities office (minimum \$10,000). A grower facility with a Slurrystore tank shall maintain replacement cost coverage for the tank (minimum \$150,000). Such policy will reflect cause of loss to be special or equivalent. Property insurance coverage shall include a builders risk endorsement while finishing facilities are under construction.

**Grower** is responsible for purchasing employer's liability or workers compensation coverage for the **Grower's** employees.

If at any time the required insurance lapses, does not meet coverage requirements, or proof of insurance is not provided, **Murphy** reserves the right to purchase said insurance at the **Grower's** expense and deduct the cost from **Grower's Contract** payments.

- O. **Grower** agrees that he or she is an independent contractor and is not an agent or employee of **Murphy** as it relates to the activities **Grower** is obligated to perform under this agreement. Both **Murphy** and **Grower** agree that each party acknowledges, contracts and agrees with the other that each is an independent contractor, neither being an employee, agent, authorized, empowered, nor directed to incur any liability, debt or other obligation on behalf of the other, not under the control of each other, except as provided herein as it relates to the activities **Grower** is obligated under this agreement. **Grower** hereby waives all claims of recovery and holds **Murphy** harmless for any losses, personal or real, caused by the **Grower's** management and utilization of livestock, equipment, and supplies provided by **Murphy**.
- P. **Grower** agrees to permit **Murphy** to check **Grower's** credit rating with his bank and other creditors and to provide credit information to **Murphy** upon request. **Grower** also agrees to properly execute a UCC Financing Statement(s) relating to **Murphy** pigs. Credit checks may be made at any time during the term of this **Contract**, which may include but not be limited to tax returns, financial statements and cash flows.

### III. COMPENSATION

- A. The amount due to the **Grower** and owed by **Murphy** will be computed and paid according to an equal quarterly payment designed to provide a total annual payment of thirty-four thousand, five hundred dollars per **Murphy** 1100 facility (\$34,500 / 1100 facility). These quarterly payments shall be paid on the 15th day of the month providing that the **Grower** has provided **Murphy** with the required documentation in support of animals received, death loss, animals shipped, and feed used. Payments will begin on the 15th day of the first month following placement of pigs.
- B. **Grower** shall be liable for 100% of any inventory shortages. **Murphy** will deduct the value of any missing inventory from the **Grower's Contract** payments. Inventory value will be computed at the greater of cost or market value at the date the shortage is discovered.
- C. In the event of a tornado, fire, wind and or such other casualty which would prevent use of the building, **Grower Contract** payments shall cease until the building structure is repaired.
- D. A bonus compensation for each marketable hog will be paid in accordance with the terms and conditions set forth on Exhibit "A" attached.

#### IV. MUTUAL AGREEMENTS:

- A. **Grower and Murphy** agree that this agreement shall be in effect and cover a minimum of 10 years from the initial stocking date. After the minimum number of years is satisfied, this agreement shall renew with each new group placement of additional feeder pigs by **Murphy**. Each renewal shall be in effect and cover one completed group of feeder pigs.
- B. After the required minimum number of years as specified in Paragraph IV., Section A have been satisfied with the **Grower by Murphy**, either party on written notice to the other may terminate this agreement. If the **Grower** has a group of feeder pigs at the time of notice of termination, then the agreement will terminate when such group has been marketed. If the **Grower** does not have a group of feeder pigs at the time of notice of termination, then the agreement will terminate immediately.
- C. In the event of default or breach of contract on the part of the **Grower, Murphy** reserves the right to:
1. Give written notice of nonperformance to the **Grower** and require performance by a given date. If upon the specified date the above notice remains unsatisfied, **Murphy** reserves the right to have the necessary performance task completed by a third party and assess all charges against the **Grower's Contract** payments.
  2. Take over management of the pigs on the **Grower's** premises and deduct all management costs from the **Grower's** compensation payment.
  3. Remove all **Murphy** pigs, feed medications, and supplies from the **Grower's** premises. **Grower** will be liable for all costs incurred in the removal and transfer of **Murphy** property.
- D. This agreement shall be binding upon the heirs, executors, administrators, and assigns of the respective parties provided such person is acceptable to **Murphy**. This agreement cannot be changed, modified, or assigned without prior written consent.
- E. In the event any portion of this agreement shall, for any reason, be held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected thereby and shall continue to be valid and enforceable and if, for any reason, a court finds that any provisions of this agreement is limiting such provision it would become valid, legal and enforceable then such provision shall be deemed to be written, construed and enforced as so limited, provided that if any Iowa legislative changes prohibit **Murphy** or **Grower** from conducting business under the terms and conditions of this **Contract**, this **Contract** shall become null and void.
- F. **Grower** shall pay on demand all costs and expenses incurred by **Murphy** in enforcing or protecting its rights and remedies hereunder, including, but not limited to, reasonable attorneys' fees and legal expenses.
- G. The parties agree that this agreement is made within the State of Iowa and the Iowa law shall govern any action or dispute arising under this agreement. It is also agreed that the jurisdiction and venue of any dispute shall be resolved in the Iowa District Court for the State of Iowa, Wright County.

H. **Grower will raise Murphy pigs in his/her facilities located at**

\_\_\_\_\_  
County

\_\_\_\_\_  
Township

\_\_\_\_\_  
Section

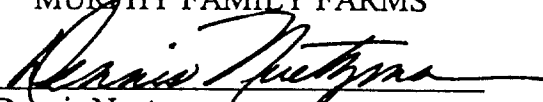
Iowa

\_\_\_\_\_  
State

Legal Description. The legal description of the property that is affected by this agreement is set forth as follows:

I. Murphy may assign all rights, title and interest to this Contract.

"MURPHY"  
MURPHY FAMILY FARMS

  
Dennis Nuetzman

"GROWER"  
CONTRACT GROWER

Date: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF IOWA, COUNTY OF \_\_\_\_\_, SS:

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public, personally appeared \_\_\_\_\_, to me known to be the person(s) named in and who executed the foregoing instrument, and acknowledged that he executed the same as his voluntary act and deed.



NOTARY PUBLIC IN AND FOR THE  
STATE OF IOWA

STATE OF IOWA, COUNTY OF \_\_\_\_\_, SS:

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public, personally appeared \_\_\_\_\_ and \_\_\_\_\_ to me known, who being by me duly sworn, did say that they are the officers of the corporation executing the within and foregoing instrument to which this is attached, that ~~(no seal has been procured by the)~~ ~~(the seal affixed thereto is the seal of the)~~ corporation; that the instrument was signed ~~(and sealed)~~ on behalf of the corporation by authority of its Board of Directors; and that \_\_\_\_\_ and \_\_\_\_\_, as officers acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.

NOTARY PUBLIC IN AND FOR THE  
STATE OF IOWA

STATE OF IOWA, COUNTY OF \_\_\_\_\_, SS:

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Dennis Nuetzman, to me personally known, who being by me duly sworn, did say that he is the Midwest Controller, of the corporation executing the within and foregoing instrument to which this is attached, that no seal has been procured by the corporation; that the instrument was signed on behalf of the corporation by authority of its Board of Directors; and that Dennis Nuetzman as officer acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by him voluntarily executed.

NOTARY PUBLIC IN AND FOR THE  
STATE OF IOWA

PERSONAL GUARANTEE (CORPORATIONS ONLY):

Contract Grower is a corporation, partnership or association and the undersigned individually and personally guarantees the full performance of the above agreement and agrees to be financially liable for all acts and omissions of the Contract Grower under this agreement.

Guarantor: \_\_\_\_\_

Date \_\_\_\_\_

Guarantor: \_\_\_\_\_

Date \_\_\_\_\_

Guarantor: \_\_\_\_\_

Date \_\_\_\_\_

Guarantor: \_\_\_\_\_

Date \_\_\_\_\_

STATE OF IOWA, COUNTY OF \_\_\_\_\_, SS:

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public, personally appeared \_\_\_\_\_, to me known to be the person(s) named in and who executed the foregoing instrument, and acknowledged that he executed the same as his voluntary act and deed.

\_\_\_\_\_  
NOTARY PUBLIC IN AND FOR THE  
STATE OF IOWA

STATE OF IOWA, COUNTY OF \_\_\_\_\_, SS:

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me, the undersigned, a Notary Public, personally appeared \_\_\_\_\_ and \_\_\_\_\_ to me known, who being by me duly sworn, did say that they are the officers of the corporation executing the within and foregoing instrument to which this is attached, that ~~(no seal has been procured by the)~~ ~~(the seal affixed thereto is the seal of the)~~ corporation; that the instrument was signed ~~(and sealed)~~ on behalf of the corporation by authority of its Board of Directors; and that \_\_\_\_\_ and \_\_\_\_\_, as officers acknowledged the execution of the foregoing instrument to be the voluntary act and deed of the corporation, by it and by them voluntarily executed.

\_\_\_\_\_  
NOTARY PUBLIC IN AND FOR THE  
STATE OF IOWA



## EXHIBIT "A"

### I. ACCOUNTING CONTROL GROUP

Murphy agrees to compensate Grower based upon an "Accounting Control Group", which shall be a designated number of consecutive groups determined by Murphy. It is understood that, dependent upon the location of pigs and market readiness of pigs that any one group may be delivered to Grower facilities over a period of several days as well as removed and marketed at maturity over a period of days. The term "Group" shall mean one house or group of houses at a contiguous location supplied by Murphy to Grower at any one time and accounted for as a group in Murphy's records.

### II. INCENTIVE PAYMENT

Murphy will pay Grower an incentive payment based on individual group feed conversion performance ranked within the accounting control group. The rankings will be divided into five individual payment sectors with assigned payment values. The total bonus payment will be calculated by multiplying the number of head marketed by the individual sector payment that the group is ranked within. Adjustments to feed conversion performance will be calculated and supported by historical data.

#### EXAMPLE OF A STANDARD ACCOUNTING CONTROL GROUP:

	HEAD PLACED	LIVABILITY	HEAD SOLD	F. C.	SET PAYMENT	SET PAYMENT TOTAL
Sector 1	1100	0.9725	1070	2.612	\$2.25	\$2,406.94
	1100	0.97	1067	2.647	\$2.25	\$2,400.75
	1100	0.9675	1064	2.682	\$2.25	\$2,394.56
	1100	0.98	1078	2.717	\$2.25	\$2,425.50
Sector 2	1100	0.9775	1075	2.752	\$1.88	\$2,021.47
	1100	0.96	1056	2.787	\$1.88	\$1,985.28
	1100	0.9575	1053	2.822	\$1.88	\$1,980.11
	1100	0.975	1073	2.857	\$1.88	\$2,016.30
Sector 3	1100	0.9475	1042	2.892	\$1.50	\$1,563.38
	1100	0.965	1062	2.927	\$1.50	\$1,592.25
	1100	0.9525	1048	2.962	\$1.50	\$1,571.63
	1100	0.9625	1059	2.997	\$1.50	\$1,588.13
Sector 4	1100	0.945	1040	3.032	\$1.13	\$1,174.64
	1100	0.955	1051	3.067	\$1.13	\$1,187.07
	1100	0.9425	1037	3.102	\$1.13	\$1,171.53
	1100	0.95	1045	3.137	\$1.13	\$1,180.85
Sector 5	1100	0.935	1029	3.172	\$0.75	\$771.38
	1100	0.9375	1031	3.207	\$0.75	\$773.44
	1100	0.9325	1026	3.242	\$0.75	\$769.31
	1100	0.94	1034	3.277	\$0.75	\$775.50
TOTAL HEAD SOLD			21038			
					Total pool dollars	\$31,749.99
					Total head sold	21038
					Dollars/head	\$1.51